

# UNIVERSAL SERVICE: ENSURING ITS FUTURE



## Series E

### Issue

The nation's longstanding commitment to the policy of universal service ensures the existence of a nationwide integrated telecommunications network. Yet, the success of this policy is creating new challenges regarding its long-term viability, as new carriers attempt to access its cost-recovery mechanisms and regulators attempt to shift additional forms of cost recovery through them.

### Background

Federal Communications Commission (FCC) rules that are over-deferential to the *competitive principles* of the Communications Act are in effect undermining the act's strong *universal service mandates*. Today, multiple carriers in any given market may receive universal service support based upon the incumbent's costs, without "capturing" any customer lines or serving any new lines, and without providing any "value" in return for the support they receive.

Concurrently, discussions are underway about whether to 1) channel additional forms of cost recovery through the program, 2) redefine the standards of what qualifies for cost recovery, and 3) increase the pool of those who contribute to the program.

### NTCA Position

- 🌐 The states must place a higher premium on telecommunications carrier (ETC) requests and should provide for a fair share of state support when making such designations.
- 🌐 The FCC and the states must ensure that support for new carriers is not excessive, carries real responsibilities, and actually benefits consumers.
- 🌐 The FCC must back away from its grossly misplaced reliance on the notion of "competitive neutrality."
- 🌐 The FCC must require all service providers that offer competing services and functions to contribute to universal service funding.

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